

Rate Request Filed With the New York State Public Service Commission

On October 31, 2023, National Fuel Gas Distribution Corporation made a filing with the New York State Public Service Commission ("Commission") that included, among other things, a request to increase annual operating revenues by \$88.8 million, which would increase the Company's base rate delivery revenues by 30.8% and total operating revenues by 11.1%.

- This is the Company's first request for a rate increase since 2016.
- If approved, the monthly bill of the typical residential sales customer on the Budget Plan will increase by approximately \$11.31 to \$93.98 per month, or 13.7%. Long-term, National Fuel expects that customer bills will likely be comparable to several years ago as this increase is tempered by anticipated lower gas supply prices.
- Rates will not go into effect until October 1, 2024, assuming the typical Commission review period. This filing initiates the process for the Commission to review and make a determination on the request. Typically, this process takes about 11 months and will include public hearings, to be scheduled by the Commission. Current rates, approved in 2017, will remain in effect until that time.
- The Commission may approve, modify or reject any or all of the proposed rate and tariff changes. Among other things, the Commission's determination may require revisions of the proposed amount of the increases applicable to classifications of service, or changes in rates applicable to those classifications for which no increase is proposed by the Company.

National Fuel's proposed rate increase is being driven by the following items:

1. The Company's continued capital investments to enhance the safety and reliability of its gas system and reduce methane emissions. Since 2016, the Company has invested approximately \$244 million in system modernization, reliability upgrades, and the replacement of 783 miles of leak prone pipe. The Company plans to continue replacing 110 miles of leak prone pipe a year, keeping it on pace to remove all of its leak prone pipeline inventory by 2035 and reducing system emissions by 90% from 1990 levels, excluding high-pressure mains.
2. Like most utilities and business across New York State, National Fuel has been negatively impacted by the high inflationary environment and the competitive and challenging labor market that emerged following the COVID-19 pandemic. These recent and extraordinary economic pressures have increased the cost and availability of labor, materials, and contracted services that the Company relies on to provide safe and reliable service.
3. National Fuel is taking steps to implement certain elements of its 20-year Long-term Plan and pursue decarbonization actions that can advance CLCPA goals.



National Fuel[®]

*Por favor, llame al
1-800-365-3234 para pedir
este folleto en español.*

NOTICE OF PROPOSED RATE CHANGES

Dear Customer:

On October 31, 2023, your natural gas utility filed a request with the New York State Public Service Commission (the Commission) that if approved would, for the average residential customer on the budget plan, increase your bill by approximately \$11.31 to \$93.98 per month, assuming normal weather.

This is only the second rate increase that we have requested in the last 15 years. Through careful planning and diligent cost management, we have held base delivery rates stable while providing safe, reliable service to customers and consistently investing in pipeline safety and system modernization. The proposed rate increase is needed in order to make critical investments in essential energy infrastructure and adjust to the impacts of persistently high inflation on the cost of labor, materials and services necessary to provide quality service. It is designed to bring our revenues in line with our costs while minimizing the impact to our customers. National Fuel is proud of our long-standing record of keeping our prices affordable, resulting in some of the lowest delivery rates of utilities in the state, as well as the entire Northeast U.S.

The increase will be applied to the Delivery Service Charge portion of the bill and, if approved, will go into effect on or about October 1, 2024, assuming the typical Commission review period. Until then, National Fuel's customer delivery rates will continue unchanged. Delivery rates have not increased for nearly 7 years.

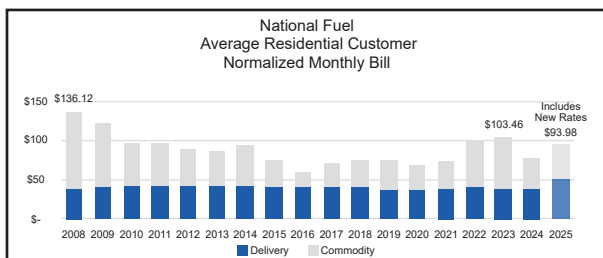
The revenue support provided through this rate proposal will allow the Company to continue to provide Western New York residents with access to low-priced natural gas supplies. This access delivers economic benefits to the homes and businesses across Western New York as customer bills have decreased significantly since 2008, **as shown in the chart below**. Going forward, we expect that National Fuel's customers will continue to benefit from our proximity and access to low-cost natural gas supplies being produced in the Appalachian region of Pennsylvania, Ohio and West Virginia.

Typically, the review process takes about 11 months and will include public comment hearings, to be scheduled by the Commission.

Customers who are having difficulty paying bills should contact National Fuel, at 1-800-365-3234, to discuss available payment plans and assistance programs as nearly \$1,400 in funds are available for those eligible.

Thank you for taking the time to learn more about our rate request.

Sincerely,
Donna L. DeCarolis
President
National Fuel Gas Distribution Corporation



11/23